

MONTHLY OPERATING REPORT

CHAPTER 11

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EEFor Period June 1 to June 30, 200 9Mark One Box For Each
Required Report/Document

THIS REPORT IS DUE 15 DAYS AFTER THE END OF THE MONTH.
 The debtor must attach each of the following reports unless the
 United States Trustee has waived the requirement in writing. File original
 with Clerk of Court and duplicate with UST with an original signature.

Report/Document Attached	Previously Waived	REQUIRED REPORTS/DOCUMENTS
(mark only one - attached or waived)		
(x)	()	Comparative Balance Sheet (Form 2-B)
(x)	()	Profit and Loss Statement (Form 2-C)
(x)	()	Cash Receipts & Disbursements Statement (Form 2-D)
(x)	()	Supporting Schedules (Form 2-E)
(x)	()	Narrative (Form 2-F)
(x)	()	Copies of Bank Statement(s) and Reconciliations of Bank Balance to Book Balance for all Account(s)

I declare under penalty of perjury that the following Monthly Financial Report and any
 attachments thereto, are true and correct to the best of my knowledge and belief.

Executed on: July 13, 2009Debtor(s)*: Warehouse 86, LLCBy:** Position: Chief Financial OfficerName of Preparer: Ernest K. Strahan, IIITelephone No.
of Preparer: 901-628-8545

*both debtors must sign if a joint petition
 **for corporate or partnership debtor

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

COMPARATIVE BALANCE SHEET

	Filing Date						
	11/04/08	Month	Month	Month	Month	Month	Month
		Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09
ASSETS:							
CURRENT ASSETS:							
Cash	89,361	217,930	161,996	157,703	157,468	158,324	179,444
Accounts Receivable, Net	152,270	611	611	611	611	611	611
Inventory, at lower of cost or market	73,633	0	0	0	0	0	0
Prepaid expenses & deposits*	68,702	82,502	82,502	82,502	82,502	82,502	82,502
Other							
TOTAL CURRENT ASSETS	383,966	301,043	245,109	240,816	240,581	241,437	262,557
PROPERTY, PLANT & EQUIPMENT**	2,178,073	0	0	0	0	0	0
Less accumulated depreciation	-1,124,978	0	0	0	0	0	0
NET PROPERTY, PLANT & EQUIPMENT	1,053,096	0	0	0	0	0	0
OTHER ASSETS							
Interests in incorporated businesses	6,573	0	0	0	0	0	0
Insurance claim from tornado & fire,							
registered name, customer lists							
(unknown)							
TOTAL OTHER ASSETS	6,573	0	0	0	0	0	0
TOTAL ASSETS	1,443,634	301,043	245,109	240,816	240,581	241,437	262,557

If assets are carried at historical cost on debtor's accounting records and debtor elects to show them as such on the monthly reports, note the change above and include remarks on FORM 2-F (Narrative). All subsequent reports must then carry these assets at that value. Do not use historical cost one month and fair market value the next.

**This number does not include \$1,117,225.84, the estimated reduction due to the tornado/fire.

*This is a corrected number to reflect that the pre-petition retainer of \$35,000 should have properly been shown as a pre-petition legal expense since there was no balance as of the date of the filing of the bankruptcy petition.

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

COMPARATIVE BALANCE SHEET

LIABILITIES:

Filing Date	Month	Month	Month	Month	Month	Month	Month
11/04/08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	
	-	0	0	0	0	0	-
0	54,751	1,981	242	(73)	27	-	-
	0	0	0	0	0	-	-
0	54,751	1,981	242	(73)	27	-	-
1,264,902	3,732	3,732	3,732	3,732	3,732	3,732	3,732
9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000
2,562,082	2,516,171	2,516,171	2,516,171	2,516,486	2,516,486	2,516,413	
3,854,984	2,547,903	2,547,903	2,547,903	2,548,218	2,548,218	2,548,145	
3,854,984	2,602,654	2,549,884	2,548,145	2,548,145	2,548,245	2,548,145	
(2,411,350)	(2,411,350)	(2,411,350)	(2,411,350)	(2,411,350)	(2,411,350)	(2,411,350)	
	109,739	106,575	104,021	103,786	104,542	125,762	
(2,411,350)	(2,301,611)	(2,304,775)	(2,307,329)	(2,307,564)	(2,306,808)	(2,285,588)	
1,443,634	301,043	245,109	240,816	240,581	241,437	262,557	

POST-PETITION LIABILITIES ***

Taxes Payable (FORM 2-E, P. 1 of 3)

Accounts Payable (FORM 2-E, P. 1 of 3)*

Other - DIP Loan

TOTAL POST-PETITION LIABILITIES

PRE-PETITION LIABILITIES ***

Notes Payable-Secured

Priority Debt

Priority Debt-Unsecured

Unsecured Debt**

Other

TOTAL PRE-PETITION LIABILITIES

TOTAL LIABILITIES

EQUITY (DEFICIT)

PREFERRED STOCK

COMMON STOCK

PAID-IN CAPITAL

RETAINED EARNINGS

Through Filing Date

Post Filing Date

TOTAL EQUITY (NET WORTH)

TOTAL LIABILITIES & EQUITY

*Reflects disputed insurance charge-Reconciled June 2009

**Reflects payment of utility charges and insurance premiums pursuant to court order

***Reflects updated November pre and post-petition liability balances due to final reconciliation.

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

PROFIT AND LOSS STATEMENT

	Month Jan-09	Month Feb-09	Month Mar-09	Month Apr-09	Month May-09	Month Jun-09
NET REVENUE	(51)	0	0	0	0	0
<u>COST OF GOODS SOLD:</u>						
Material	0	0	0	0	0	0
Labor-Direct	0	0	0	0	0	0
Overhead	125	0	0	0	0	0
TOTAL COST OF GOODS SOLD	316,234	0	0	0	0	0
GROSS PROFIT	(316,285)	0	0	0	0	0
<u>OPERATING EXPENSES</u>						
Selling & Marketing						
General & Administration (Rents, utilities, salaries, etc.)	15,349	3,195	2,288	5	(930)	-21,393.26
Other						
TOTAL OPERATING EXPENSES	15,349	3,195	2,288	5	(930)	(21,393)
INTEREST EXPENSE	298	234	0	230	174	173
INCOME BEFORE DEPRECIATION OR TAXES	(331,932)	(3,429)	(2,288)	(235)	756	21,220
DEPRECIATION OR AMORTIZATION:	0	0	0	0	0	0
<u>OTHER INCOME</u>	0	0	0	0	0	0
GAIN/LOSS ON DISPOSAL OF FIXED ASSETS	0	0	0	0	0	0
NET INCOME (LOSS)	(331,932)	(3,429)	(2,288)	(235)	756	21,220

*Requires explanation in NARRATIVE (FORM 2-F).

FORM 2-C

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**For Period June 1 to June 30, 200 9**CASH RECONCILIATION**

1.	Beginning Cash Balance (Ending Cash Balance from last month's report)		\$ 158,324
2.	Cash Receipts (total Cash Receipts from page 2 of all FORM 2-D's)	\$ 22,405	
	Error in deposit in May 2009	\$ (1,011)	
3.	Cash Disbursements (total Cash Disbursements from page 3 of all FORM 2-D's)	\$ (273)	
4.	Net Cash Flow		\$ 21,120
5.	Ending Cash Balance (to FORM 2-B)		\$ 179,444

CASH SUMMARY - ENDING BALANCE

	Amount*	Financial Institution
1. Operating Account	\$ -	Bank of America-3903
2. Operating Account	\$ -	Bank of America-9451
3. Payroll Account	\$ -	Bank of America-5429
4. Sales Account	\$ -	PayPal
5. Sales Account	\$ -	PayPal Alt
6. Sweep Account	\$ -	Bank of America
7. Operating Account	\$ 166,541	Bank of America-DIP
8. Payroll Account	\$ 12,902	Bank of America-DIP Payroll
TOTAL (must agree with line 5 above)	\$ 179,444	

*These amounts should be equal to the previous month's balance for the account plus this month's receipts less this month's disbursements.

ADJUSTED CASH DISBURSEMENTS

Cash disbursements on Line 3 above less inter-account transfers & UST fees paid \$ 273

*NOTE: This amount should be used to determine UST quarterly fees due and agree with Form 2-D, page 2 of 4.

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**QUARTERLY FEE SUMMARY**

MONTH ENDED JUNE 2009

Payment Date	Cash Disbursements*	Quarterly Fee Due	Check No.	Date
January	\$ 27,100			
February	\$ 55,934			
March	\$ 4,487			
Total				
1st Quarter	\$ 87,521	\$ 975 (\$650 credit)		
April	\$ 1,286			
May	\$ 174			
June	\$ 273			
Total				
2nd Quarter	\$ 1,733	\$ 325 (\$325 credit)		
July	\$			
August	\$			
September	\$			
Total				
3rd Quarter	\$ 0			
October	\$			
November	\$			
December	\$			
Total				
4th Quarter	\$ 0	\$		

Fee Schedule

DISBURSEMENT CATEGORY

QUARTERLY FEE DUE

Less than \$14,999.00	\$325
\$15,000-\$74,999.99	\$650
\$75,000-\$149,999.99	\$975
\$150,000-\$224,999.99	\$1,625
\$225,000-\$299,999.99	\$1,950
\$300,000-\$999,999.99	\$4,875
\$1,000,000-\$1,999,999.99	\$6,500
\$2,000,000-\$2,999,999.99	\$9,750
\$3,000,000-\$4,999,999.99	\$10,400
\$5,000,000 and above	\$13,000

Note that a minimum payment of \$250 is due each quarter even if no disbursements are made in the case during the period.

*Note: should agree with "adjusted cash disbursements" at bottom of Form 2-D, Page 1 of 4. Disbursements are net of transfers to other debtor in possession bank accounts and net of payments of prior period quarterly fees.

CASE NAME: Warehouse 86, LLC
CASE NUMBER: 08-03423-EE

CASH RECEIPTS AND DISBURSEMENTS STATEMENT

(This form should be completed for each type of account
listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period June 1 to June 30, 200 9

Account Name: DIP-Payroll Account Account Number: 3755551966

CASH RECEIPTS JOURNAL

(attach additional sheets as necessary)

<u>Date</u>	<u>Description (Source)</u>	<u>Amount</u>
06/08/2009	ADP-returned payroll check	2.54

Total Cash Receipts \$ 2.54

CASE NAME: Warehouse 86, LLC
CASE NUMBER: 08-03423-EE

CASH RECEIPTS AND DISBURSEMENTS STATEMENT

(This form should be completed for each type of account
listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period June 1 to June 30, 200 9

Account Name: Bank of America-DIP Account Number: 3755551953

CASH RECEIPTS JOURNAL

(attach additional sheets as necessary)

<u>Date</u>	<u>Description (Source)</u>	<u>Amount</u>
6/4/09	EMC Insurance Co-insurance refund	22,402.00

Total Cash Receipts \$ 22,402.00

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

CASH RECEIPTS AND DISBURSEMENTS STATEMENT

(This form should be completed for each type of account listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period June 1 to June 30, 200 9

Account Name: DIP-General Account Account Number: 3755551953

CASH DISBURSEMENTS JOURNAL

(attach additional sheets as necessary)

<u>Date</u>	<u>Check No.</u>	<u>Payee</u>	<u>Description (Purpose)*</u>	<u>Amount</u>
06/01/2009		Bank of America	Bank charges	\$147.40
06/04/2009		Haddox Reid Burkes Calhoun/ for TN Dept. of Revenue	TN Franchise Tax	\$100.00

Total Cash Disbursements \$247.40

*Identify any payments to professionals, owners, partners, shareholders, officers, directors or any insiders and all adequate protection payments ordered by the court with an asterisk or highlighting. Any payments made as a result of a court order, should indicate the order date.

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

CASH RECEIPTS AND DISBURSEMENTS STATEMENT

(This form should be completed for each type of account listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period June 1 to June 30, 200 9

Account Name: DIP-Payroll Account Account Number: 3755551966

CASH DISBURSEMENTS JOURNAL

(attach additional sheets as necessary)

<u>Date</u>	<u>Check No.</u>	<u>Payee</u>	<u>Description (Purpose)*</u>	<u>Amount</u>
06/01/2009		Bank of America	service charge	25.91

Total Cash Disbursements \$ 25.91

*Identify any payments to professionals, owners, partners, shareholders, officers, directors or any insiders and all adequate protection payments ordered by the court with an asterisk or highlighting. Any payments made as a result of a court order, should indicate the order date.

CASE NAME: Warehouse 86, LLC CASE NUMBER: 08-03423-EE

SUPPORTING SCHEDULES

For Period June 1 to June 30, 2009

INSURANCE SCHEDULE

Type	Carrier/Agent	Coverage (\$)	Date of Expiration	Premium Paid
General Liability	Employers Mutual Casualty Marchetti Robertson & Brickell	1,000,000	4/15/09	Yes
Property (Fire, Theft)	Employers Mutual Casualty Marchetti Robertson & Brickell	1,000,000	4/15/09	Yes
Vehicle	General Insurance Co. of America Marchetti Robertson & Brickell	1,000,000	4/29/09	Yes
Other (list): Excess/Umbrella**	National Union Fire Ins. Co. Marchetti Robertson & Brickell	3,000,000	4/29/09	Yes

**Umbrella Liability policy was cancelled on 4/29/09 when last of underlying insurance coverage expired.

(1) Attach copy of certificate of insurance or declaration page of policy for any coverage renewed or replaced during the current reporting month.

(2) For the premium paid column enter "yes" if payment of premium is current or "no" if premium payment is delinquent. If "no", explain on Form 2-F, Narrative.

CASE NAME: Warehouse 86, LLC CASE NUMBER: 08-03423-EE

NARRATIVE STATEMENT

For Period June 1 to June 30, 2009

Please provide a brief description of the significant business and legal action by the debtor, its creditors or the court during the reporting period. Comments should include any change in bank accounts, explanation of extraordinary expenses, and purpose of any new post-petition financing. Comments should also include debtor's efforts during the month to rehabilitate the business and to develop a plan.

[The page contains faint horizontal lines, suggesting it was part of a lined notebook or document.]

Bank of America

H

CUSTOMER CONNECTION
BANK OF AMERICA, N.A.
DALLAS, TEXAS 75283-2406

Account Number 3755551953
01 01 152 01 M0000 E# 1
Last Statement: 05/29/2009
This Statement: 06/30/2009

Customer Service
1-877-757-8233

WAREHOUSE 86 LLC
DEBTOR IN POSSESSION 08-03423
GENERAL PAYABLES ACCOUNT
PO BOX 16692
JACKSON MS 39236

Page 1 of 2

Bankruptcy Case Number: 0803423

ANALYZED CHECKING**Account Summary Information**

Statement Period 05/30/2009 - 06/30/2009	Statement Beginning Balance	143,616.83
Number of Deposits/Credits 1	Amount of Deposits/Credits	23,453.28
Number of Checks 1	Amount of Checks	100.00
Number of Other Debits 1	Amount of Other Debits	147.40
	Statement Ending Balance	166,822.71
Number of Enclosures 1	Service Charge	.00

Deposits and Credits

Date Posted	Customer Reference	Amount	Description	Bank Reference
06/16		23,453.28	TN BANKING CENTER DEPOSIT	100372003697

Withdrawals and Debits**Checks**

Check Number	Amount	Date Posted	Bank Reference	Check Number	Amount	Date Posted	Bank Reference
20122	100.00	06/05	6192358080				

Other Debits

Date Posted	Customer Reference	Amount	Description	Bank Reference
06/15		147.40	Account Analysis Fee ANALYSIS CHARGE MAY BILLING FOR DETAIL 37555-51953	0879004671

Daily Balances

Date	Ledger Balance	Collected Balance	Date	Ledger Balance	Collected Balance
05/29	143,616.83	143,616.83	06/18	166,822.71	144,360.04
06/05	143,516.83	143,516.83	06/19	166,822.71	165,478.59
06/15	143,369.43	143,369.43	06/22	166,822.71	166,822.71
06/16	166,822.71	143,369.43	06/30	166,822.71	166,822.71
06/17	166,822.71	143,407.03			

Bank of America

HH

CUSTOMER CONNECTION
BANK OF AMERICA, N.A.
DALLAS, TEXAS 75283-2406

Account Number 3755551966
01 01 152 01 M0080 E# 0
Last Statement: 05/29/2009
This Statement: 06/30/2009

Customer Service
1-877-757-8233

WAREHOUSE 86 LLC
DEBTOR IN POSSESSION 08-03423
PAYROLL ACCOUNT
PO BOX 16692
JACKSON MS 39236

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Bankruptcy Case Number: 0803423

ANALYZED CHECKING**Account Summary Information**

Statement Period 05/30/2009 - 06/30/2009	Statement Beginning Balance	12,925.82
Number of Deposits/Credits 1	Amount of Deposits/Credits	2.54
Number of Checks 0	Amount of Checks	.00
Number of Other Debits 1	Amount of Other Debits	25.91
	Statement Ending Balance	12,902.45
Number of Enclosures 0		
	Service Charge	.00

Deposits and Credits

Date Posted	Customer Reference	Amount	Description	Bank Reference
06/09		2.54	ADP TX/FINCL SVC DES:ADP - TAX ID:785020783277Y73 INDN:WAREHOUSE 86 LLC WAREH CO ID:9333006057 CCD	59006126

Withdrawals and Debits**Other Debits**

Date Posted	Customer Reference	Amount	Description	Bank Reference
06/15		25.91	Account Analysis Fee ANALYSIS CHARGE MAY BILLING FOR DETAIL 37555-51966	08790046

Daily Balances

Date	Ledger Balance	Collected Balance	Date	Ledger Balance	Collected Balance
05/29	12,925.82	12,925.82	06/15	12,902.45	12,902.45
06/09	12,928.36	12,928.36	06/30	12,902.45	12,902.45